HEALTH FINANCE COMMISSION

Legislative Services Agency
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MEETING MINUTES[1]

Meeting Date:	**August 20, 2008**
Meeting Time:	**1:00 P.M.**
Meeting Place:	**State House, 200 W. Washington St., House Chamber**
Meeting City:	**Indianapolis, Indiana**
Meeting Number:	**1**

Members Present: **Rep. Charlie Brown, Chairperson; Rep. Peggy Welch; Rep. John Day; Rep. Carolene Mays; Rep. Scott Reske; Rep. Timothy Brown; Rep. Suzanne Crouch; Rep. Richard Dodge; Rep. David Frizzell; Rep. Don Lehe; Sen. Patricia Miller, Vice-Chairperson; Sen. Gary Dillon; Sen. Beverly Gard; Sen. Vaneta Becker; Sen. Connie Lawson; Sen. Ryan Mishler; Sen. Earline Rogers; Sen. Connie Sipes; Sen. Vi Simpson; Sen. Sue Errington.**

Members Absent: **Rep. Craig Fry; Rep. Phil Hoy; Sen. Marvin Riegsecker.**

Rep. Charlie Brown, Chairperson, called the first meeting of the Health Finance Commission to order at 1:10 P.M. Commission members introduced themselves.

Secretary Mitch Roob, FSSA, gave a brief overview of the subject matters on the agenda. He commented that there is competition between home care providers for employees due to the scarcity of trained workers for these positions.

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[1] Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of $0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is http://www.in.gov/legislative/. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Wages, Benefits, and Working Conditions of Home Health Service Providers

Wayne Morgan, CNA, Home Health Aide

Mr. Morgan described the kinds of services that home health aides provide. He discussed the remuneration of home care workers. He stated that often there is no health insurance benefit available to the workers. If insurance is offered by the employer, often it is unaffordable, meaning these employed individuals also cannot qualify for the Healthy Indiana Plan offered by the state. Mr. Morgan commented that home care workers are expected to drive to their clients although they may or may not be reimbursed for the cost of mileage or gasoline. Anecdotally, he related instances of home care workers going unreimbursed for transportation costs. Low wages for these positions influence high rates of turnover. Mr. Morgan stated that these conditions need to change and creative solutions are needed to improve services. (See Mr. Morgan's testimony in Handout A.)

Maggie Laslo, Director of Governmental Affairs, Service Employees' International Union (SEIU)

Ms. Laslo stated that home care is the most efficient means of delivering long term care and is the preferred choice of seniors. Ms. Laslo described two models for the delivery of home care services. The first is the use of agencies that employ personnel who provide the services; this is the prevalent service delivery mode in Indiana. The second model is consumer-directed care. Consumer-directed care is a relatively new option for home care delivery in Indiana. Ms. Laslo stated that the impending entry of baby boomers into the long-term care system requires building the home care workforce capacity. Ms. Laslo commented that in order to improve home care services, the state needs cost data regarding how current dollars are spent for personal services and home health care services. She also noted that FSSA is not maintaining a required registry of home health workers. Ms. Laslo stated the state should make sure that consumer-directed home care workers have access to benefits typically available to agency-employed workers, such as health savings accounts, direct deposit, or withholding for health insurance premiums in order to make the consumer-directed care model an attractive option for home care workers. She added that high turnover rates of home care workers influences the quality of care. Ms. Laslo stated that the state needs to shift the long-term care emphasis from institutional care to home care in order to achieve savings in the long run. Consumer-directed care is an option that should be available to individuals statewide. Currently, consumer-directed care is an option that is not widely used and not available statewide. (See Ms. Laslo's testimony in Handout A.)

Commission questions followed with regard to efficiency of home care services with respect to the distances that may be driven, whether relatives can be paid care givers, and if all Area Agencies on Aging in the state participate in consumer-directed care.

Linda Muckway

Ms. Muckway, a consumer of in-home service since 1989, testified that high staff turnover is a real problem for her since it requires constantly training new service workers. She stated that consumer-directed care would be a preferable option for a variety of reasons.

Denise Gaither, Long-Term Care Consultant, C.E. Reed & Associates

Ms. Gaither introduced herself as a consultant from Washington State. She presented demographic and statistical comparisons between Washington and Indiana with regard to long-term care services. (See the "Long Term Care Rebalancing" presentation in Handout A.)

Ms. Gaither described the model for home and community-based services in Washington.

Services must be accessible, of good quality, and be cost effective. Area Agencies on Aging handle case management services. There are two home care programs, consumer-directed care and agency-based care. The consumer-directed care program constitutes 40% of all cases while the agency-based program manages about 33% of the caseload. All workers are required to have 28 hours of training and orientation before being put on the registry. Ms. Gaither discussed the frequency of client contacts, the complaint investigation process, and cost statistics. She also described the role of the Home Care Quality Authority in Washington State.

Commission questions concerned the comparability of the data presented, where training is conducted, who provides the training, the cost, and the appointment of Home Care Quality Authority members. In response to a question concerning the percentage of consumer-directed care provided by family members, Ms. Gaither stated that more than 50% of consumer-directed care providers are family members.

Todd Stallings, Director, Indiana Association for Home & Hospice Care

Mr. Stallings described the roles of nonlicensed home care workers and presented national labor statistics for personal care attendants and home health aides. Mr. Stallings discussed the results of an informal survey that was conducted by the Association for Home & Hospice Care. He also reviewed regulatory requirements for home health and personal services agencies in Indiana. Mr. Stallings concluded by suggesting that legislative solutions to the home care workforce problems might include meaningful health insurance reform to include allowing the pooling of small employers' health insurance risk and quicker Medicaid reimbursement response to rising provider costs. (See Handout B.)

Commission questions followed concerning the information Mr. Stallings presented.

Tim Kennedy, representing the Indiana Hospital Association

Mr. Kennedy testified that hospitals frequently provide home care services to their patients. The service is organized as a hospital department and operated under the hospital's license. There is competition for home care workers, and the number needed is expected to increase 40% over the current supply. Hospitals recognize that patients are more fragile and that home care workers are doing more than seems to be realized. This has led to an intent in the hospital sector to retitle this job description in order to recognize the important role these individuals play for their clients and as ambassadors of the hospitals. Mr. Kennedy reviewed some statistics for hospital-employed aides and noted that hospitals pay insurance, mileage, and other benefits.

Claudia Chavis, Caregiver's Home Health Services

Ms. Chauvis testified that she operates a private, nonfranchised, licensed personal service and home health agency. A small business, Caregiver's employs 60 home health aides and attendants. The agency discontinued homemaker services due to low reimbursement. Ms. Chauvis commented that agencies have little or no input into what they are reimbursed for services - other parties such as Medicaid, Medicare, and private insurers set the rates. She noted that while the agency has little control over its revenue, workers' compensation insurance and other similar expenses are linked to the size of the payroll and increase as the payroll increases. She stated that when the Medicaid waiver rates were increased, Caregiver's passed through some of the increase as a gas allowance to their aides. She noted that agency owners are at the mercy of third-party payers but they do offer jobs and do give annual increases.

Sara Toney, Visiting Nurse Service, Hospice Dept.

Ms. Toney testified that she works for a not-for-profit agency that offers health benefits and discussed the job that home care workers perform. In response to a question regarding the need for worker's organization, Ms. Toney stated that her agency takes care of its employees and she did not think they needed to organize.

John Cardwell, Hoosiers First, Inc.

Mr. Cardwell stated that SEA 493-2003 was modeled after Washington State practices. He testified that Charley Reed, a consultant in Washington State, suggested to him that it would help in Indiana if there was a unionized home care work force. He recommended the SEIU proposals to allow home care workers to improve their working conditions.

Al Tolbert, Executive Director, Southern Indiana Center for Independent Living

Mr.Tolbert discussed wages and benefits for his agency, which offers home care and attendant care services. He stated that home care and attendant care jobs require training, TB testing, and criminal background checks. He added that the agency did not have much job turnover and speculated that this was due to thorough screening of applicants. He described barriers to home care and said that some rural areas have no providers. In response to a question from the Commission, he stated that three Indiana counties have no home care providers.

Rep. C. Brown, Chairperson, announced that due to time limitations he would move on to the next topic on the agenda. He added that those parties present who had not had an opportunity to testify on the home care issue would be offered the opportunity to be heard following the long-term care insurance incentive testimony if sufficient time remained.

Long Term Care Insurance Incentives

Rebecca Vaughan, Director, Indiana Long Term Care Partnership

Ms. Vaughan stated that the goals of the Long Term Care Partnership are to promote long-term care awareness, encourage personal financial responsibility, develop standardized quality policies that allow for comparison of the products, and to slow the drain on state and federal Medicaid dollars. The partnership is a collaboration between the federal and state governments and insurance companies. The program provides for asset protection once policy benefits are exhausted; a defined level of assets are protected from Medicaid financial eligibility limitations. Indiana is a model partnership state, being one of the original four participating states in the program. Ms. Vaughan commented that education is critical to get consumers to address their potential long-term care needs. She added that the Department of Insurance is developing a marketing concept for long-term care insurance. Additionally, insurance agents are being educated and used as a front-line educational force. Employers also need to be aware of their employees long-term care needs. In 2005, new federal legislation was passed to expand the partnership program to additional states. Ms. Vaughan mentioned that federal dollars available for new program development probably will not be made available to Indiana since the state has been participating in the program since 1993. The federal program is developing a general marketing tool kit to promote long-term care insurance that may be useable for the Indiana program. (See Handout C.) In response to a Commission question regarding reciprocity of the product with other states, Ms. Vaughan stated that currently only Indiana and Connecticut have reciprocity.

There were additional questions from the Commission regarding the number of policies sold.

Rep. Welch discussed an outside work group that has been investigating this issue.

Dan Seitz, representing the Association of Indiana Life Insurance Companies

Mr. Seitz explained that the long-term care insurance product was developed by life insurance companies. It is a unique life insurance product, not a health insurance product. He added that the federal government is encouraging the development of hybrid products that would include various combinations of life insurance and long-term care benefits.

Michael Fager, Genworth

Mr. Fager explained that Genworth Financial is a leading provider of long-term care insurance. He defined what long-term care is and that it is needed when individuals experience problems with performing activities of daily living. Mr. Fager defined what services may include - homemakers, home health aide services, Medicare-certified home health services, and adult day care. (See Handout D.) He stated that long-term care policies cover services needed as a result of a chronic disease, accident, illness, or cognitive impairment. The cost of the associated benefit ranges between $36,000 to $75,000 per year. The benefits are not taxable. Policies are sold on an individual basis or a group basis. He added that consumers have choices to make when buying the policies. The choice that most affects the cost of the policy involves the length of the elimination period, the number of days for which the cost is the claimant's responsibility. Mr. Fager stated that inflation protection is very important since the cost of care increases each year. He also reviewed some options being developed to improve the product cost, such as couples discounts. In response to a question about the best time to buy long-term care insurance, Mr. Fager commented that younger purchasers get better rates.

In response to a Commission question regarding whether the state offers a long-term care plan for state employees, Ms. Vaughan said that the state does offer an option but that it receives little or no promotion.

Marie Roche, John Hancock

Ms. Roche addressed the question of how the long-term care insurance product could be improved and made more affordable. As partners with the state, insurers need to introduce more flexibility in the product, such as offering hybrid products. Ms. Roche explained that a hybrid product might be a life insurance policy with a long-term care rider attached. She added that the state can also encourage flexibility in products by updating long-term care statutes and regulations. The legislature could provide support by enhancing the current income tax deduction to a tax credit for long-term care insurance premiums and offering tax incentives to employers to include long-term care insurance as part of their group plan benefits. She added that it would be helpful if the Department of Insurance could increase staffing in order to speed approvals. Ms. Roche suggested that as new partnership states enter the program, the Indiana Partnership Program should opt for reciprocity with new states. Ms. Roche added that the insurance could also be more attractive as a product if income as well as assets were to receive protection. Finally, Ms. Roche suggested that a general advertising campaign is needed to explain the need for long-term care insurance. She added that a recognizable spokesperson might be helpful in doing a better job of getting the message out.

The Commission briefly discussed the cost of long-term care insurance policies and the state long-term care option for state employees.

Recognizing available time, the Chairperson heard additional testimony on the home care workers issue. Testimony was offered with regard to the need to address current and future manpower needs, the possibility of offering Healthy Indiana Plan access to home care workers,

the need to examine how consumer complaints are handled by the State Department of Health, and the need to improve the current administrative process in place for consumer-directed care.

Sen. Miller requested permission to distribute information concerning school nurses and a study done by school corporations listing the diagnoses of school children attending public schools. (See Handout E.)

Chairperson C. Brown announced that trauma care would be a topic to be covered at the next meeting of the Commission, which is scheduled on September 3, 2008, at 1:00 P.M.

The meeting was adjourned at 4:05 P.M.